

# THE SCHOOL ADMINISTRATOR

and Uniform Compliance Guidelines  
ISSUED BY STATE BOARD OF ACCOUNTS

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Volume 167

September 2004

## ITEMS TO REMEMBER

Per Volume 166, June 2004 "The School Administrator and Uniform Compliance Guidelines", August 31 is the last date for the first publication of a school corporation budget (10 days prior to the public hearing). (IC 6-1.1-17-3)

## SEPTEMBER

- September 1: Prove the Fund Ledger and Ledger of Receipts for the month of August to the control of all funds and reconcile the control with the depository statement. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts within each program to the total disbursements of that program.
- September 6: Legal Holiday - Labor Day. (IC 1-1-9-1)
- September 7: Last date for second publication of school corporation budgets (3 days before the public hearing). (IC 5-3-1-2)
- September 13-  
October 1: The count for Average Daily Attendance (ADA) shall be taken between these dates. (IAC 511 1-3-1)
- September 10: Last date for public hearing on proposed budget (at least 10 days prior to the adoption of the budget). Ten (10) or more taxpayers may object to a budget, tax rate, or tax levy by filing an objection petition with the proper officers of the political subdivision not more than seven (7) days after the hearing. (IC 6-1.1-17-5)
- September 17: The count for Average Daily Membership (ADM) shall be taken. (511 IAC 1-3-1)
- September 19: Last date to file appeals for an excessive tax levy. (IC 6-1.1-18.5-12)
- September 20: Last day to report and make payment of state and county income tax withheld during August to the Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, of "The School Administrator and Uniform Compliance Guidelines.")

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**ITEMS TO REMEMBER**

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- September 20: Last date for meeting of School Board to make appropriations for 2005 and to fix tax levies. (IC 6-1.1-17-5) Also last date to conduct a public hearing and to pass a resolution to adopt Capital Projects Fund and Transportation - School Bus Replacement Fund Plans. (IC 21-2-11.5 and IC 21-2-15)
- September 22: Meeting of County Tax Adjustment Board is September 22, 2004. If September 22 is not a business day, then the last date for the first meeting is the first business day following September 22. (IC 6-1.1-29-4)

**OCTOBER**

- October 1: ADM report due on or before October 1. (511 IAC 1-3-2) All data on Form 30A must be submitted directly into the Department of Education Database via the internet at [www.doe.state.in.us](http://www.doe.state.in.us). A copy must be printed, signed and mailed to the Department of Education, Division of School Finance.
- October 1: On or before October 1 all duties of the County Board of Tax Adjustment must be completed, except for a consolidated city and county and in a county containing a second class city, these duties need not be completed until November 1. (IC 6-1.1-17-9) IC 6-1.1-17-12 provides for a notice procedure by the county auditor and an appeal procedure.
- October 1: Prove all ledgers for the month ending September 30 as outlined for the month of August.
- October 11: Legal Holiday - Columbus Day. (IC 1-1-9-1)
- October 15: Form 30B, Report of ADA for State Support is due in the Department of Education, Division of School Finance. All data will be required to be entered directly into the Department of Education Database via the internet on or before October 15, 2004 at [www.doe.state.in.us](http://www.doe.state.in.us). A copy must be printed, signed, and mailed to the Department of Education, Division of School Finance.
- October 20: Last day to report and make payment of state and county income tax withheld during September to the Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997 of "The School Administrator and Uniform Compliance Guidelines.")
- October 31: Last day to file third quarter report with the Internal Revenue Service and complete payment of federal tax withheld.
- October 31: Requests for textbook reimbursement must be received by the Department of Education, Division of School Finance before November 1. The information is required to be filed via electronic reporting per instructions provided by the Division of School Finance.

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**NOVEMBER**

- November 1: Prove all ledgers for the month ending October 31 as outlined for the month of August.
- November 2: Legal Holiday – Election Day (IC 1-1-9-1)
- November 11: Legal Holiday – Veterans' Day. (IC 1-1-9-1)
- November 20: Last day to report and make payment of state and county income tax withheld during October to the Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997 of "The School Administrator and Uniform Compliance Guidelines.")
- November 25: Legal Holiday - Thanksgiving Day. (IC 1-1-9-1)
- November 30: On or before June 1 and December 1 of each year (or more frequently if the County Legislative Body adopts an ordinance requiring additional certifications) the School Corporation shall certify a list of the names and addresses of each person who has money due from the School Corporation to the County Treasurer. (IC 6-1.1-22-14)

**TRANSPORTATION FUND – CAPITAL OUTLAY**

IC 21-2-11.5-2 states in part: "(a) Each calendar year, the governing body of each school corporation shall establish a school transportation fund which shall be the exclusive fund used by the school corporation for the payment of costs attributable to transportation listed in subdivisions (1) through (7), as authorized under IC 20, of school children during the school year ending in the calendar year: (1) The salaries paid bus drivers, transportation supervisors, mechanics and garage employees, clerks, and other transportation-related employees. (2) Contracted transportation service, other than costs payable from the school bus replacement fund under subsection (e). (3) Wages of independent contractors. (4) Contracts with common carriers. (5) Pupil fares. (6) Transportation-related insurance. (7) Other expenses of operating the school corporation's transportation service, including gasoline, lubricants, tires, repairs, contracted repairs, parts, supplies, equipment, and other related expenses. (b) The governing body of each school corporation shall establish a school bus replacement fund. The school bus replacement fund shall be the exclusive fund used to pay the following costs attributable to transportation: (1) Amounts paid for the replacement of school buses, either through a purchase agreement or under a lease agreement. (2) The costs of contracted transportation service payable from the school bus replacement fund under subsection (e)." The State Board of Accounts has not taken audit exception to expenditures for "equipment" used as tools and movable equipment necessary to keep the transportation program operating.

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**TRANSPORTATION FUND – CAPITAL OUTLAY**

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IC 21-2-11.5-3 states in part: "(a) Subject to subsection (b), each school corporation may levy for the calendar year a property tax for the school transportation fund sufficient to pay all operating costs attributable to transportation that: (1) are not paid from other revenues available to the fund as specified in section 4 of this chapter; and (2) are listed in section 2(a)(1) through 2(a)(7) of this chapter. . . (c) Each school corporation may levy for the calendar year a tax for the school bus replacement fund in accordance with the school bus acquisition plan adopted under section 3.1 of this chapter. (d) The tax rate and levy for each fund shall be established as a part of the annual budget for the calendar year in accord with IC 6-1.1-17."

Please also review Volume 157 of the "School Administrator" concerning administrative expenses.

**CONTRACTS FOR RETIRING EMPLOYEES**

IC 5-10.2-4-3 concerns the average of the annual compensation and states in part: "(a) Except as provided in subsection (f), in computing the retirement benefit for a nonteacher member, 'average of the annual compensation' means the average annual compensation calculated using the twenty (20) calendar quarters of service in a position covered by the retirement fund before retirement in which the member's annual compensation was the highest. However, in order for a quarter to be included in the twenty (20) calendar quarters, the nonteacher member must have performed service throughout the calendar quarter. All twenty (20) calendar quarters do not have to be continuous but they must be in groups of four (4) consecutive calendar quarters. The same calendar quarter may not be included in two (2) different groups. (b) This subsection does not apply to a teacher member described in subsection (c). In computing the retirement benefit for a teacher member, 'average of the annual compensation' means the average annual compensation for the five (5) years of service before retirement in which the member's annual compensation was highest. In order for a year to be included in the five (5) years, the teacher member must have received for the year credit under IC 21-6.1-4-2 for at least one-half (1/2) year of service. The five (5) years do not have to be continuous." (d) "Subject to IC 5-10.2-2-1.5 'annual compensation' means: (1) the basic salary earned by and paid to the member plus the amount that would have been part of that salary but for: (A) the state's, a school corporation's, a participating political subdivision's, or a state educational institution's (as defined in IC 20-12-0.5-1) paying the member's contribution to the fund for the member; or (B) the member's salary reduction agreement established under Section 125, 403(b), or 457 of the Internal Revenue Code; . . ." (e) "Compensation of no more than two thousand dollars (\$2,000) received from the employer in contemplation of the member's retirement, including severance pay, termination pay, retirement bonus, or commutation of unused sick leave or personal leave, may be included in the total annual compensation from which the average of the annual compensation is determined, if it is received: (1) before the member ceases service; or (2) within twelve (12) months after the member ceases service."

We are of the audit position for the benefit of those teachers who are retiring as of the close of school year, that all compensation for service rendered on teaching contracts should be completed by the close of the school year (June 30) so that full reporting may be made of both compensation and service for that teacher at the close of the school year following which the retirement is to become effective.

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**SABBATICAL OR SICK LEAVE FOR TEACHERS**

**Leaves - Generally**

IC 20-6.1-6-1 provides in various sections that a school corporation may grant a teacher a leave of absence and states in part: (a) "A school corporation may grant a teacher a leave of absence, for at most one (1) year, for a sabbatical or for disability or sick leave. The school corporation may grant consecutive leaves. A school corporation may grant partial compensation for any leave in an amount it determines. However, if a teacher on a sabbatical serves an employer that agrees to reimburse the school corporation in whole or in part of the amount of the teacher's regular salary, the school corporation may grant full or partial compensation. Any teacher who is pregnant shall be granted a leave of absence for the period provided in and subject to the provisions of section 4 of this chapter. Except where a contract is not required under IC 20-6.1-4-10 through IC 20-6.1-4-16 in any situation occurring before or after the commencement of leave, the teacher and the school corporation shall execute a regular teacher's contract for each school year in which any part of the teacher's leave is granted, and the teacher shall have the right to return to a teaching position for which the teacher is certified or otherwise qualified in accordance with the rules of the state board of education."

(b) "Rights existing at the time leave commences, which arise from a teacher's: (1) status as a permanent teacher; (2) accumulation of successive years of service; (3) service performed under a teacher's contract pursuant to IC 20-6.1-4-9; or (4) status or rights negotiated under IC 20-7.5; shall remain intact except as provided in subsection (a)."

(c) "During leave, the teacher may maintain coverage in any group insurance program by paying the total premium including the school corporation's share, if any, attributable to the leave period. The school corporation may elect to pay all or part of the cost of the premium as an adopted or negotiated fringe benefit to teachers on leave."

(d) "During leave extending into a part of a school year, a teacher shall accumulate sick leave in accordance with the provisions of IC 20-6.1-5-6, or any salary schedule of the school corporation providing greater sick leave, in the same proportion which the number of days the teacher is paid during such year for work or leave bears to the total number of days for which teachers are paid in the school corporation."

(e) "During leave of a nonpermanent teacher, the period of probationary successive years of service under a teacher's contract which is a condition precedent to becoming a permanent teacher under IC 20-6.1-4-9 shall be uninterrupted for that teacher except as provided in subsection (a). However, this probationary period shall not include an entire school year spent on leave."

(f) "All or part of a leave granted for sickness or disability, including pregnancy-related disability, may be charged at the teacher's discretion to the teacher's available sick days. However, the teacher is not entitled to take accumulated sick leave days when the teacher's physician certifies that the teacher is capable of performing the teacher's regular teaching duties. The teacher is entitled to complete the remaining leave without pay."

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**SABBATICAL OR SICK LEAVE FOR TEACHERS**

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**Sabbatical Leaves**

IC 20-6.1-6-2 states: "A school corporation may grant a teacher, on written request, a sabbatical for improvement of professional skills through: (1) advanced study; (2) work experience; (3) teacher exchange programs; or (4) approved educational travel. After taking a sabbatical, the teacher shall return for a length of time equal to that of the sabbatical leave."

**Sickness or Disability Leaves**

IC 20-6.1-6-3 states: "A school corporation may place a teacher, with or without written request, on a disability or sick leave for at most one (1) year. However, a teacher placed without a written request is entitled to a hearing on that action in accord with IC 20-6.1-4-10 and IC 20-6.1-4-11."

Specific provisions concerning leave of absence for temporary disability caused by pregnancy are found in IC 20-6.1-6-4. IC 20-6.1-6-3 states in part: "A teacher who is pregnant may continue in active employment as late into pregnancy as she wishes, if she can fulfill the requirements of her position. Temporary disability caused by pregnancy shall be governed by the following: (1) Any teacher who is pregnant shall be granted a leave of absence any time between the commencement of her pregnancy and one (1) year following the birth of the child, if she notifies the superintendent at least thirty (30) days before the date on which she wishes to start her leave."

Please also see "The School Administration and Uniform Compliance Guidelines", Volume 137, March 1997.

**TRAVEL EXPENSE**

The following sets forth the audit position of the State Board of Accounts with regard to reimbursements made by local governmental units to their officers and employees for travel and meal expenses.

A local unit may reimburse such persons for actual miles traveled in their own motor vehicles on the official business of the local unit at a reasonable rate per mile as fixed by an ordinance or resolution of the unit's legislative body. The mileage rate should be fixed by the board or commission having authority to approve claims for travel expenses. No particular mileage rate has been set by the State of Indiana for all local units of government and, consequently, the mileage rate lies within the discretion of the legislative body, board or commission, unless otherwise provided by statute. The body setting the mileage rate should also determine whether parking fees and toll charges are included in the rate or, on the other hand, whether such expenses are to be reimbursed separately based on the submission of receipts.

Reimbursed mileage should not include travel to and from the officer's or employee's home and regular place of employment. If more than one person rides in the same vehicle, only one mileage reimbursement is allowable. General Form 101 (or an approved substitute) should be used for claiming mileage. The odometer reading columns on this form are to be used only when the distance between points cannot be determined by fixed mileage or official highway maps.

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**TRAVEL EXPENSE**

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When traveling outside the local unit's boundaries on official business, officers and employees may also be reimbursed for meals, lodging, and incidental expenses as defined in the travel policy. The claim for reimbursement should be supported by itemized receipts from hotels, restaurants, and taxi cabs used by the officer or employee while traveling on official business.

It is permissible for the legislative body of the local unit or the board or commission having the authority to approve claims to adopt an ordinance or resolution establishing a reasonable per diem rate intended to cover travel expenses other than hotel and mileage costs and the officer or employee may be reimbursed on the basis of such a per diem rate in lieu of submitting receipts. If a fixed per diem rate is established by policy, the policy should clearly indicate which type of expenses, in addition to meals, are included in the rate and which expenses are to be reimbursed on the basis of actual receipts being submitted by the officer or employee. The policy should also define the local unit's boundaries for purposes of reimbursing travel; i.e., outside a 50-mile radius of the office, outside of the county, etc. The policy should cover a proportionate reduction in the per diem rate when meals are provided by an outside party.

When state statutes govern the amounts of allowable travel reimbursements, those statutes supersede local policy. Also, when determining the reasonableness of a mileage rate or per diem rate, consideration should be given to rates established by the State of Indiana and the Federal government. The local unit should, however, consider the income tax implications of setting its rates higher than the current Federal rates.

In all cases, an officer or employee requesting reimbursement for overnight travel is required to submit a receipt from the hotel or other meeting place where such accommodations were provided.

**ADDITIONAL APPROPRIATIONS**

The following is required if the proper officers of any school corporation determine the need for expenditure of more money in the current year than was provided for in the approved annual budget:

(1) The governing body in all cases of additional appropriations must meet and determine that they desire to appropriate for the expenditure of more money than was appropriated in the annual budget. Accordingly, questions concerning the procedures for additional appropriations, should be directed to the Department of Local Government Finance

(2) The governing body determines whether to proceed with the proposal. An approval may not be in excess of the amount advertised, but can be less than requested. The governing body must adopt a resolution of additional appropriations.

(3) If a school corporation proposes an additional appropriation from a fund that receives property tax levied under IC 6-1.1, the additional appropriation must be reported to and approved by the Department of Local Government Finance. A school corporation may make an additional appropriation without the approval of the Department of Local Government Finance if the appropriation is from a fund that does not receive property tax, however, those appropriations shall be reported to the Department of Local Government Finance.

After the public hearing, the proper officers of a school corporation shall file a certified copy of the final proposal and any other relevant information to the Department of Local Government Finance.

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**ADDITIONAL APPROPRIATIONS**

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(4) Upon receipt of the certified copy of a proposal for additional appropriations, the Department of Local Government Finance will, in not less than fifteen (15) days after receiving the certificate, determine (in writing) if sufficient funds are available or will be available. The Department of Local Government Finance shall limit the additional appropriation to revenues available or to be made available, which have not been previously appropriated.

(5) If the Department of Local Government Finance disapproves an additional appropriation under IC 6-1.1-18-5, the Department of Local Government Finance shall specify the reason for disapproval on the determination sent to the school corporation.

A school corporation may request a reconsideration of a determination of the Department of Local Government Finance by filing a written request for reconsideration. A request for reconsideration must: (1) be filed with the Department of Local Government Finance within fifteen (15) days of the receipt of the determination by the political subdivision; and (2) state with reasonable specificity the reason for the request. The Department of Local Government Finance must act on a request for reconsideration within fifteen (15) days of receiving the request.

**CAFETERIA VENDING MACHINES**

We have previously been provided the Division of School and Community Nutrition of the Department of Education policy regarding vending machines which states in part that vending machines containing foods of minimal nutritional value cannot be sold in the food service area during the breakfast and/or lunch periods. These foods (carbonated beverages, candy, etc.) may however be sold outside the food service area during meal periods. The policy also provided that the sale of competitive foods (which meet certain nutritional requirements) may, at the discretion of the state agency and school food authority, be allowed in the food service area during the breakfast or lunch periods only if the income from the sale of such foods accrues to the benefit of the nonprofit food service or the school or student organizations approved by the school.

The Division of School and Community Nutrition policy allows the school food authority to determine where the income from the sale of competitive foods shall go in conformity with the above policy.

The State Board of Accounts is of the audit position that as long as the Division of School and Community Nutrition policy allows for a choice, that the decision of which fund the vending revenue is to be accounted for in should be in accordance with the following:

1. The proceeds should accrue to that group's extra-curricular fund if a particular student group or organization manages the vending function.
2. The proceeds may go to the athletic fund if the vending in question is located at athletic events and managed by athletes or athletic department individuals.



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**CAFETERIA VENDING MACHINES**

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3. The proceeds should go to the School Lunch Fund or the Extra-Curricular General Fund, Student Activity Fund or Concession Fund for the benefit of all students and spent consistent with the article in "The School Administrator and Uniform Compliance Guidelines" Vol. 153, March 2001, and page 6-2 of the "Accounting and Uniform Compliance Guidelines manual for Extra-Curricular Accounts" if no particular student group manages the vending function.

The Board of School Trustees should document their preference in the board minutes.

The possibility exists that an Audit Result and Comment may appear in an audit report if the School Lunch Fund fiscal status is adversely effected by the policy.